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IN THE

Supreme Court of the United States

OCTOBER TERM, 1980

VALTEK, INC. and ALPHA ENGINEERING CO.,
Petitioners,

v.

CONTROL COMPONENTS, INC. and
RICHARD E. SELF,
Respondents.

PETITION FOR WRIT OF CERTIORARI TO THE UNITED STATES COURT OF APPEALS FOR THE FIFTH CIRCUIT

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Questions Presented

1. Whether, in a jury trial proceeding to determine the validity of a complex patent claim, the jury may be allocated the function of determining by general verdict the "ultimate question . . . of law" respecting validity in terms of the non-obviousness standard expressed in 35 U.S.C. § 103, where

> (a) the jury is not required to render any special verdicts or findings as to the facts essential to the "ultimate question" as to non-obviousness, although the jury is instructed to "first make these [factual] determinations" in reaching its general verdict, and
>
> (b) the trial court at no point in the proceedings makes any findings of fact regarding the "ultimate question."

2. Whether, in the absence of any fact findings by the jury or trial court, there can be meaningful appellate review of the jury's general verdict on the "ultimate question" of non-obviousness on the presumption that (a) the necessary fact findings are "implicit" in the jury's general verdict of non-obviousness, and (b) the appellate court can effectively review such "implicit" findings by use of the substantial evidence test.

3. Whether, in a jury trial to determine the issue of infringement of a patent claim, the jury may be allocated the function of incorporating in its general verdict of infringement a legal construction of the patent claim, where the issue of infringement turns on such legal construction.

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v.

CONTROL COMPONENTS, INC. and
RICHARD E. SELF,
Respondents.

PETITION FOR WRIT OF CERTIORARI TO THE UNITED STATES COURT OF APPEALS FOR THE FIFTH CIRCUIT

Petitioners, Valtek, Inc. and Alpha Engineering Company, pray that a writ of certiorari issue to review the judgment and opinion of the United States Court of Appeals for the Fifth Circuit entered in the above-entitled case on January 9, 1980.

Citations To The Record And Opinion Below

The opinion of the Court of Appeals is reported at 609 F.2d 763 and is reproduced at Appendix A hereto. The District Court did not render an opinion. Portions of the record, including the District Court's charge to the jury on the issue of obviousness and the District Court's ruling on petitioners' motion for judgment notwithstand-

ing the verdict, are printed in Appendices D and E hereto, respectively.

Jurisdiction

The Court of Appeals entered its judgment, Appendix B, on January 9, 1980, and denied a timely petition for rehearing and petition for rehearing *en banc* on April 23, 1980, 616 F.2d 892, Appendix C. On July 11, 1980, Mr. Justice Powell signed an order extending the time for filing this petition for certiorari to and including September 20, 1980. The jurisdiction of the Court is invoked under 28 U.S.C. § 1254(1) (1970).

Statute Involved

The statute involved is United States Code, title 35, § 103 (1970), which provides in pertinent part:

> § 103. Conditions for patentability; non-obvious subject matter.
>
> A patent may not be obtained . . . if the differences between the subject matter sought to be patented and the prior art are such that the subject matter as a whole would have been obvious at the time the invention was made to a person having ordinary skill in the art to which such subject matter pertains.

Statement Of The Case

Petitioners Valtek, Inc. ("Valtek") and Alpha Engineering Co. ("Alpha") manufacture and sell industrial control valves. In the District Court petitioners were alleged to have infringed U.S. Patent No. 3,514,074 (the "'074 patent") covering a type of control valve used to regulate the flow of high pressure fluids.

The accounting and damages were severed and the issues of validity and infringement were tried to a jury.

With respect to the issue of the '074 patent's validity, one of the questions the jury was asked to determine was whether the patent was "non-obvious" within the meaning of 35 U.S.C. § 103 and this Court's interpretation of that statutory standard in *Graham v. John Deere Co.*, 383 U.S. 1 (1966).

The question of non-obviousness was hotly disputed in a trial which consumed more than five weeks and included approximately 200 documentary exhibits, 60 physical exhibits and testimony from numerous witnesses, including three fluid dynamics experts, three control valve experts, several user experts and two patent experts.

During the course of the trial the parties met with the trial judge in chambers, and petitioners requested the District Court to submit special interrogatories to the jury eliciting its findings of fact on the factual inquiries identified by this Court in *Graham* as necessary predicates to the conclusion of non-obviousness. The District Court refused to consider submission of special interrogatories and instead submitted to the jury the following general verdict (App. D, p. D1):

> The fourth question is this:
>
> Are the differences between the subject matter patented by the claims of the 074 patent and the prior art such that the subject matter as a whole would have been obvious to one of ordinary skill in the valve art as of December 5, 1966? You will be asked to answer separately as to each of Claims 7, 14 and 17 of the patent.

In making its determination on the question of non-obviousness the jury was instructed that (App. D., pp. D1-D2):

> In deciding whether any or all of Claims 7, 14 and 17 are obvious over the prior art, you must first make these determinations:

(1) The scope and content of the prior art.

(2) From the scope and content of all the prior art relative to each of Claims 7, 14 and 17, what differences, if any, exist between the prior art and the subject matter of each of Claims 7, 14 and 17?

(3) What was the level of skill of a person of ordinary skill in the valve art on or about December 5, 1966?

As to each of claims 7, 14 and 17 the jury's answer to the above question was "No, the differences would not have been obvious to one of ordinary skill in the valve art." Transcript of Proceedings, October 18, 1978 at p. 5. The jury also found that claim 17 was infringed.[1]

Following the jury's verdict, petitioners Valtek and Alpha moved for judgment notwithstanding the verdict. One of the grounds asserted in petitioners' motion was that "the issue of obviousness under 35 USC 103 [sic] is a question of law and is not a jury issue." App. E, p. E6. To which the District Court responded (App. E, p. E7):

> If that would be the case, and if the Court is required to make a finding on it, the finding the Court will make is consistent with the finding which the jury has made.

In support of its position the District Court reasoned that its review of the record had persuaded it (App. E, p. E6)

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1. The jury returned a general verdict that claim 17 was infringed without any indication of either the construction which it gave claim 17 or the underlying factual determinations which it made in arriving at that conclusion. Nor did the District Court construe claim 17 as a matter of law, as requested in petitioners' motion for judgment notwithstanding the verdict. The Court of Appeals, acknowledging the correctness of petitioners' position that construction of the claim is a matter of law, assumed a particular construction of claim 17 for purposes of determining infringement, and then proceeded to find substantial evidence to support that presumption. 609 F.2d at 769-70; App. A, pp. A12-A13.

> that there is substantial evidence to support the jury's findings. And the Court's intention of entering this judgment is not to make any independent findings of its own, but simply to enter judgment on the basis of the jury's verdict.

Thus the jury was permitted to determine the question of non-obviousness in a general verdict, and the District Court upheld the jury's verdict on the basis of what it assumed were the jury's findings of fact.

On appeal, a divided panel of the Court of Appeals affirmed the District Court. The majority of the panel was of the opinion that

> The [District Court] did not err in submitting the above question to the jury. . . .

609 F.2d at 767; App. A, p. A7. The Court of Appeals reasoned that findings on the factual underpinnings of the legal conclusion of non-obviousness were "implicit" in the jury's general verdict. The Court of Appeals then presumed these "implicit" fact findings to have been resolved favorably to the prevailing party and, based on its own "independent review of the record" the Court of Appeals found "substantial evidence" to support its presumption. 609 F.2d at 768; App. A, p. A9.

In a separate opinion concurring in part and dissenting in part, Circuit Judge Rubin strongly criticized the majority's use of "implicit" findings which "[escape] appellate review save for analysis of the correctness of the jury charge." 609 F.2d at 775; App. A, pp. A21-A22. Judge Rubin was of the view that "meaningful devotion to *Graham* requires a different course, unique to patent litigation." 609 F.2d at 775; App. A, p. A22.

So also Circuit Judge Brown, in an opinion joined by three other circuit judges dissenting from the Court of

Appeals' denial of the petition for rehearing *en banc*, acknowledged the conflict between the decision below and *Graham*. 616 F.2d at 892; App. C, p. C2.

Reasons For Granting The Writ

The reasons for granting certiorari in this case have been cogently captured in Circuit Judge Brown's dissent from the denial of rehearing *en banc*. Speaking on behalf of four of the twenty-four active Fifth Circuit judges, he wrote (616 F.2d at 892; App. C, p. C2):

> This case is of exceptional importance because the issues it presents arise in every jury trial of a patent case. Submitting the obviousness issue to a jury for a general verdict, in the manner our previous decisions permit, appears to me to be inconsistent with the precept that "the ultimate question of patent validity is one of law." *Graham v. John Deere Co.*, [383 U.S. 1, 17].

As further explained in Circuit Judge Rubin's partial dissent from the panel's opinion (609 F.2d at 775; App. A, p. A22):

> The basic issue before us is how we, as an appellate court, review a general jury verdict that concludes merely (and categorically) that the subject matter of the patent was not obvious. My brethren, following *Mar-Bel*, conclude that there are implicit factual findings in the general verdict that are subject to review based only on the substantial evidence test.
>
> I think meaningful devotion to *Graham* requires a different course, unique to patent litigation.

These "cert-worthy" sentiments expressed by Circuit Judges Brown and Rubin need but slight elaboration in this petition.

I.

The important procedural issues in this case are present in every jury trial of a patent case.

This case involves critical questions as to the role a jury should play when called upon to assess patent validity matters, which frequently engender "difficulties in applying the non-obviousness test." *Graham v. John Deere Co.*, 383 U.S. at 18. The questions presented[2] raise important problems of judicial administration associated with the use of juries in patent litigation. What is at stake is the proper allocation of functions, when a jury is used in patent cases, as among the jury, the trial court and the appellate court.

The problems posed by this case find few equals in the arena of federal judicial administration. And in a real sense, those problems reflect some of the tensions and difficulties developing between the Seventh Amendment's guarantee in civil jury trials that "no fact tried by a jury, shall be otherwise re-examined in any Court of the United States, than according to the rules of the common law" and the constitutionally-rooted standard of patent validity embodied in the Article I directive "[t]o promote the Progress of Science."[3] There is, of course, no inconsistency between those two constitutional provisions. But there is

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2. Question 3 raises an additional issue which, like questions 1 and and 2, involves the question of whether a legal issue should be submitted to a jury for determination by way of general verdict. The Court of Appeals acknowledged that petitioners were correct in their position that construction of the patent claim is a legal issue. 609 F.2d at 769-70; App. A, pp. A12-A13.

3. This Court has indicated many times that the federal patent system is grounded in the patent provisions of Article I, Sec. 8, clause 8, which establish a *"standard"* of patent validity that "may not be ignored." *Graham v. John Deere Co.*, 383 U.S. 1, 6 (1966); *Sakraida v. Ag Pro, Inc.*, 425 U.S. 273, 279 (1976); *Great A. & P. Tea Co. v. Supermarket Corp.*, 340 U.S. 147, 154 (1950) (concurring opinion).

a seeming inability on the part of the lower federal courts, as demonstrated by the decision below, to make a smooth accommodation of those two constitutional provisions in the context of patent jury trials.

These accommodation problems become more demanding of solution as the use of juries becomes more prevalent in patent litigation. "[F]ollowing the Supreme Court's decisions in *Graham v. John Deere Co.*, [383 U.S. 1], and *United States v. Adams*, [383 U.S. 39 (1966)], there appears to be a 'resurrection of jury trials in patent cases.'"[4] Indeed, the sharply increasing use of juries in patent litigation is dramatically illustrated from the graph[5] shown in Figure 1. Thus, resolution of the questions presented is destined to have a far-reaching impact on future patent litigation.

II.

The decision below reflects the confusion in the lower courts as to how and by whom issues as to non-obviousness are to be decided in a patent jury trial.

The opinion below attempts to plot the decisional course to be followed in jury trials involving complex issues of patentability and non-obviousness. The attempt is something less than satisfactory. In Circuit Judge Rubin's words, the approach suggested by the Fifth Circuit in this case "takes us a step further into the Serbonian bog that threatens to engulf patent litigation." 609 F.2d at 774; App. A, p. A20.

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4. *Norfin, Inc. v. International Business Machines Corp.*, 453 F. Supp. 1072, 1074 (D. Colo. 1978) (quoting from Zarley, *Jury Trial in Patent Litigation*, 4 Patent L. Rev. 89 (1972)).

5. Based on statistics reported in the Annual Reports of the Director of the Administrative Office of the U.S. District Courts, fiscal years 1969-1979, Table C-8.

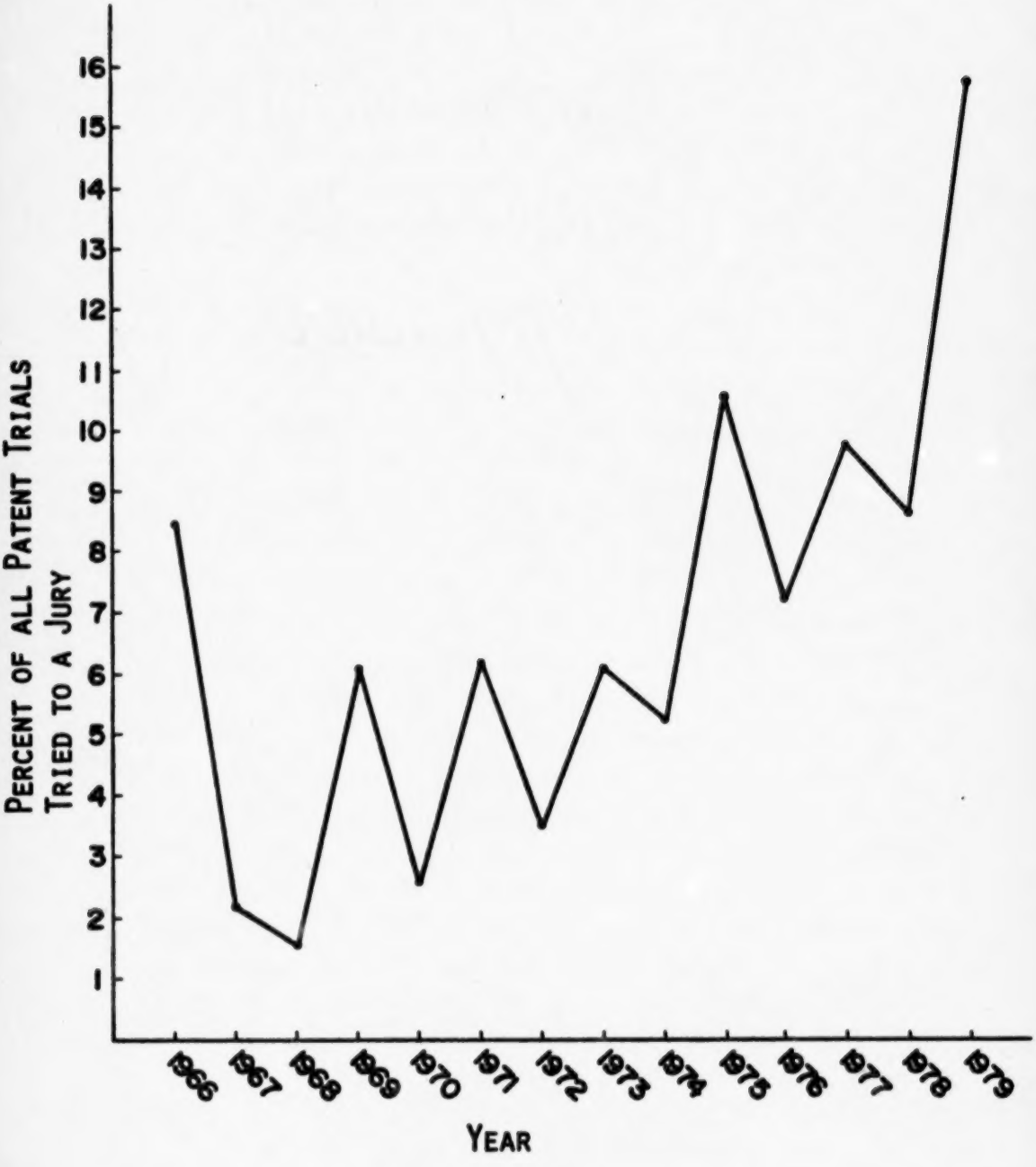

PERCENT OF ALL PATENT TRIALS
TRIED TO A JURY
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FIGURE 1

The Fifth Circuit is not alone in the effort to identify the proper role of juries in assessing the question of non-obviousness under 35 U.S.C. § 103. Various other circuits have joined in the search. But the search is producing only confusion and conflict. The lower courts are not reaching any consensus as to the proper division of decisional responsibilities in a jury trial involving the non-obvousness standard of section 103.

A. The source of the confusion.

Much of the existing confusion as to the function of juries in patent litigation stems from an effort to follow the decisional precepts established by this Court in *Graham v. John Deere Co.*, 383 U.S. at 17-18. The difficulty is that *Graham* was decided in the context of non-jury proceedings involving issues of non-obviousness. Is it equally applicable to jury proceedings?

Graham holds that while "the ultimate question of patent validity is one of law," the section 103 non-obviousness standard "lends itself to several basic factual inquiries," which the Court proceeds to detail. 383 U.S. at 17-18. It is simple enough, in a non-jury trial, for the trial judge to both determine the "basic factual" underpinnings and resolve the "ultimate question" of law. And under the procedure provided by Rule 52(a), Fed. R. Civ. P., appellate review of such determinations poses no problems. But add a jury to the patent validity proceeding and the clarity of decisional functions seems to disappear, at least in the eyes of the lower courts.

B. Confusion as to who applies the law.

The instant case begins with one of the confusing anomalies developing in patent litigation. *Graham* holds that the section 103 non-obviousness standard is one of the three basic conditions of patent validity, and that "the ultimate

question of patent validity is one of law." 383 U.S. at 17. This Court's decision in *Sakraida v. Ag Pro, Inc.*, 425 U.S. 273, 280 (1976) is to the same effect. But here the jury was asked merely to return a general verdict on the issue of non-obviousness. It was not asked to answer any factual interrogatories or return any special verdicts.

A majority of the circuits dealing with the problem seem to read *Graham* to mean that the conclusion of non-obviousness is itself a question of law since it is an integral part of the "ultimate legal question" of patent validity.[6] Consistent with that view, such courts will reserve for themselves the function of applying the law, apart from merely instructing the jury as to the law, in determining non-obviousness. Much of the precedent in the Fifth Circuit has been to that effect,[7] at least prior to the instant case.

If that proposition be accepted, can submission to the jury of an "ultimate question" of non-obviousness be justified, particularly when the jury is not required to make any of the factual determinations required under *Graham*? And if the courts retain the function of making their own determination of this ultimate question of law, as they obviously do under this view of *Graham*, then what is left

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6. *Dual Manufacturing & Engineering v. Burris Industries*, 619 F.2d 660 (7th Cir. 1980); *Nickola v. Peterson*, 580 F.2d 898 (6th Cir. 1978), *cert. denied*, 440 U.S. 961 (1979); *Robbins Co. v. Dresser Industries, Inc.*, 554 F.2d 1289 (5th Cir. 1977); *Pederson v. Stewart-Warner Corp.*, 536 F.2d 1179 (7th Cir. 1976); *cert. denied*, 429 U.S. 985 (1977); *Swofford v. B & W, Inc.* 395 F.2d 362 (5th Cir.), *cert. denied*, 393 U.S. 935 (1968); *Bentley v. Sunset House Distributing Corp.*, 359 F.2d 140 (9th Cir. 1966); *see Spound v. Mohasco Industries, Inc.*, 534 F.2d 404 (1st Cir.), *cert. denied*, 429 U.S. 886 (1976); *Layne-New York Co. v. Allied Asphalt Co.*, 501 F.2d 405 (3rd Cir. 1974), *cert denied*, 421 U.S. 914 (1975).

7. *Robbins Co. v. Dresser Industries, Inc.*, 554 F.2d 1289 (5th Cir. 1977); *Kiva Corp v. Baker Oil Tools, Inc.*, 412 F.2d 546 (5th Cir.), *cert. denied*, 396 U.S. 927 (1969); *Swofford v. B & W, Inc.*, 395 F.2d. 362 (5th Cir.), *cert denied*, 393 U.S. 935 (1968).

of the jury's function in such circumstances? What possible contribution to the decisional process is given by a jury's general verdict on such an ultimate question of law? As one circuit has recently observed, "[b]ecause only issues of fact subsidiary to the legal question of obviousness are within the province of the jury, . . . a general verdict . . . will ordinarily serve no purpose, because the court will still have the responsibility of deciding obviousness." *Dual Manufacturing & Engineering v. Burris Industries,* 619 F.2d 660, 667 (7th Cir. 1980).

Other courts have read *Graham* as treating non-obviousness as a mixed question of law and fact.[8] Indeed, at one point in the opinion below, the Fifth Circuit states that "the validity issue involves mixed questions of fact and law." 609 F.2d 767; App. A, p. A8. Does that mean that under this view of *Graham* some but not all of the jury's general verdict of non-obviousness escapes review under the "substantial evidence" test? How does the litigant determine which portion of the verdict is reviewable and which is not?

At least one circuit court reads *Graham* as saying that the only question of law is that of "patent validity" and that this Court meant that "non-obviousness is itself a factual question."[9] On that reading of *Graham*, would a general verdict by the jury as to non-obviousness be deemed a finding of fact reviewable solely on a "substantial evidence" basis? Would that finding preclude a reviewing court from making its own conclusion as to non-obviousness?

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8. *Tights, Inc. v. Acme-McCrary Corp.*, 541 F.2d 1047 (4th Cir.), *cert. denied*, 429 U.S. 980 (1976); *Sperberg v. Goodyear Tire & Rubber Co.*, 519 F.2d 708 (6th Cir.), *cert. denied*, 423 U.S. 987 (1975).

9. *Moore v. Shultz*, 491 F.2d 294, 300 (10th Cir. 1974), *cert. denied*, 419 U.S. 930 (1974); *accord, Celebrity, Inc. v. A & B Instrument Co.*, 573 F.2d 11, 12 (10th Cir.), *cert. denied*, 439 U.S. 824 (1978).

C. Confusion as to who finds the facts.

The instant case illustrates still another procedural anomaly that arises in the context of patent validity trials when a jury is instructed to determine the ultimate question of non-obviousness. *Graham* indicates that there are various critical factual inquiries to be made prior to reaching an ultimate conclusion as to non-obviousness. Why instruct the jury about these factual predicates, expect the jury to make its own secret findings of fact, and then direct the jury to articulate only the ultimate legal conclusion? Such procedure inevitably leads to a role reversal as between jury and judge, since a reviewing court must then search the record anew to determine the *Graham* factual predicates if it is to review the jury's legal conclusion.

The failure to insist that the jury perform its historic fact finding role is compounded here by the failure of the trial court to make its own findings of fact in response to petitioners' motion for judgment notwithstanding the verdict. Circuit Judge Rubin suggests that the trial court's summary denial of petitioners' motion provides some kind of an answer to the urgent need for findings of fact in the District Court. 609 F.2d at 775; App. A, p. A23. But the summary denial of the motion is as enigmatic as the jury's general verdict of non-obviousness. Absent the entry of any findings of fact in support of the District Court's conclusion, the Court of Appeals is still forced to sit as an ultimate trier of fact.

D. Confusion as to role of appellate courts.

The Court of Appeals here realized the need for more in the way of findings of fact than is evident on the face of the general verdict. Since there were no express findings the Court of Appeals turned to the ultimate legal question and presumed that the necessary findings were "implicit" in the jury's general verdict. That presumption was in

turn predicated on the jury instructions which described the factual predicates of non-obviousness.

There are lines of precedent to that effect in the Fourth, Fifth and Seventh Circuits, which apparently rely on an opinion written by Mr. Justice Stevens while serving on the Seventh Circuit, *Panther Pumps & Equipment Co. v. Hydrocraft, Inc.*, 468 F.2d 225 (7th Cir. 1972), *cert. denied*, 411 U.S. 965 (1973).[10]

The Fifth Circuit, as Judge Rubin's opinion notes, has not always followed *Panther Pumps* (609 F.2d at 774-75; App. A, pp. A20-A21):

> In *Swofford v. B &W, Inc.* [395 F.2d 362, (5th Cir.) *cert. denied*, 393 U.S. 935 (1968)], Judge Wisdom, implementing *Graham* for a panel of this court, attempted to provide a path to follow in determining the respective roles of judge and jury in deciding the obviousness issue. Noting the inconsistent trails we had previously followed, *Swofford* determined that obviousness is itself a question of law for the judge to decide. . . .
>
> The Supreme Court apparently takes the same view of the obviousness issue, *see Sakraida v. Ag Pro, Inc.*, [425 U.S. 273 (1976)], and we have since attempted consistently to adhere to the approach in *Swofford. See, e.g., Robbins Co. v. Dresser Industries, Inc.*, 5 Cir. 1977, 554 F.2d 1289, 1290; *Gaddis v. Calgon Corp.*, 5 Cir. 1975, 506 F.2d 880, 884; *Garret Corp v. American Safety Flight Systems, Inc.*, 5 Cir. 1974, 502 F.2d 9, 14.
>
> In *White v. Mar-Bel, Inc.*, 5 Cir. 1975, 509 F.2d 287 . . .[w]e . . . adopted the view of the Seventh Circuit in [*Panther Pumps*], an opinion by Judge (now Justice) Stevens.

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10. The Seventh Circuit's view in *Panther Pumps* was followed in *Tights, Inc. v. Acme-McCrary Corp.*, 541 F.2d 1047 (4th Cir.), *cert. denied*, 429 U.S. 980 (1976); and in *White v. Mar-Bel, Inc.*, 509 F.2d 287 (5th Cir. 1975).

I respectfully submit that the path laid out in *Panther Pumps* and followed in *Mar-Bel* does not and cannot satisfy the *Graham* mandate.

Resort to the *Panther Pumps* presumption in the context of patent litigation creates more questions than answers. *Panther Pumps* sought to justify use of "implicit" findings of fact in patent cases on the grounds that " 'the rules governing trial of patent cases are no different than in other types of civil litigation,' " and that the presumption is properly used "in other cases tried to a jury." 468 F.2d at 227-228 (quoting from *Armour & Co. v. Wilson & Co.*, 274 F.2d 143, 157 (7th Cir. 1960)).

But query whether findings of fact should be as readily created by presumption in patent cases as in ordinary litigation. In *Graham,* 383 U.S. at 18, this Court noted that the difficulties in applying the non-obviousness test of section 103 are comparable to those encountered daily by the courts in such frames of reference as negligence and scienter. But the *Graham* opinion also emphasized that there must be no relaxation in the "strictness" with which the constitutional "standard" of patent validity, including the non-obviousness standard of section 103, is to be applied. 383 U.S. at 6 and 19. That strictness is particularly important when dealing, as in the instant case, with combination patent claims. *Sakraida v. Ag Pro, Inc.*, 425 U.S. 273 (1976); *Great A. & P. Tea Co. v. Supermarket Corp.*, 340 U.S. 147 (1950). Furthermore, the grant of a patent is imbued with a public interest that is paramount whenever the patent's validity is called into question. *Mercoid Corp. v. Mid-Continent Investment Co.*, 320 U.S. 661, 665 (1944).

In short, there may well be a difference, a constitutional difference, as well as a public interest difference, between (a) procedures used in allocating decisional responsibility between judge and jury when scrutinizing the validity of a patent monopoly granted under the authority of the

Article I patent clause, and (b) procedures used to allocate decisional responsibility between judge and jury when reviewing the common law questions of negligence and scienter. Should constitutionally-rooted standards of patent validity be factually implemented by reference to "implicit" or "phantom" findings of fact? Can strict adherence to those constitutionally-rooted standards be had by following procedures that may otherwise be appropriate in reviewing questions that do not have the type of constitutional overtones that are attendant in patent validity cases?

In *Panther Pumps* it was said that the "task of giving error-free instructions in a patent case may indeed be extremely difficult."[11] 468 F.2d at 228. That suggests that instructions in patent cases may not be the fair equivalent of carefully drawn interrogatories or special verdicts submitted to the jury. It seems incongruous to transfer the appellate review test of "substantial evidence" from specific findings of fact based on carefully drafted special interrogatories directed to the *Graham* inquiries to "implicit" findings of fact based on broad-ranging and possibly error-prone instructions. As Judge Rubin pointed out in the decision below a general verdict by the jury on such broad-ranging instructions "escapes appellate review save for analysis of the correctness of the jury charge." 609 F.2d at 775; App. A, p. A21-A22.

Grounding appellate review of the *Graham* factual predicates of patent validity on presumed or implicit findings of fact reflected in the instructions presents additional problems for appellate courts. Under that procedure an appellant is at a loss to know the specific thrust of the objections he must make to any findings of fact and he must therefore raise objections to all conceivable adverse findings. Appel-

---

11. "Presumably this is only one of the many reasons why members of the Patent Bar have [in the past] wisely avoided jury trials in patent litigation." *Panther Pumps* at 228, n. 9.

late courts must respond in kind by engaging in a complete and independent review of the entire record, as happened here, to assess the substantiality of evidence in support of all conceivable findings favoring the prevailing party. And the appellate judges must do all that without benefit of the "feel" for those implicit findings that only trial judges acquire in overseeing the evidentiary development.

Such a wasteful use of the historic institutions of appellate courts and juries produces incalculable harm to both the system of justice and the rights of the parties involved. Who can say how different might have been the judgment of the trial and appellate courts in this case had the jury been left to its rightful fact finding position? Who can say with assurance, in a case as factually complex as this one, that the patent monopoly granted these respondents without benefit of any explanation of the controlling facts found by either the judge or the jury (which *respondents* demanded), is the result of fair and adequate adjudicative procedures?

As stated by Circuit Judge Pell for the Seventh Circuit sitting *en banc, Dual Manufacturing & Engineering v. Burris Industries,* 619 F.2d 660, 667 (1980) (now pending on petition for certiorari on other issues — No. 80-44):

> Because only issues of fact subsidiary to the legal question of obviousness are within the province of the jury, its resolution of those issues of fact should ordinarily be articulated in special verdicts under Rule 49(a), Fed.R.Civ.P. The same result may be achieved by special interrogatories returned with a general verdict under Rule 49(b), a device primarily designed to test the jury's application of the law in reaching a general verdict, see 5A J. Moore, *Federal Practice* ¶ 49.04 (2d ed. 1979). When the issue is obviousness a general verdict, with or without answers to special interrogatories, will ordinally serve no purpose, because the court will still have the responsibility of

> deciding obviousness. A general verdict, without more, will of course give rise to the presumption that material fact issues have been resolved in favor of the prevailing party; but specific findings are more likely to be useful than presumptions to a court exercising its obligation to decide the ultimate issue of obviousness.

To quote again from Circuit Judge Rubin's opinion in this case (609 F.2d at 775, App. A, p. A22) "meaningful devotion to *Graham* requires a different course, unique to patent litagation . . . [i]n this area where decisional responsibility is so clearly divided. . . ." The inability of the lower courts to apply *Graham's* procedural guidelines to patent jury trials fully warrants the use of this Court's supervisory powers. This Court should address the questions presented to insure that the integrity of the adjudicative process in patent jury trials is maintained.

Conclusion.

For all of the foreging reasons this petition for writ of certiorari should be granted.

Respectfully submitted,

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APPENDIX A

CONTROL COMPONENTS, INC., and
Richard E. Self, Plaintiffs-Appellees,

v.

VALTEK, INC. and Alpha Engineering Company
Defendants-Appellants.

No. 79-1626

UNITED STATES COURT OF APPEALS
FIFTH CIRCUIT

Jan. 9, 1980

Appeal from the United States District Court for the Southern District of Texas.

Before FAY, RUBIN and HATCHETT, Circuit Judges.

JUDGE HATCHETT,
Circuit Judge

Defendants, Valtek, Inc., (Valtek) and Alpha Engineering Co., (Alpha) appeal from a district court judgment entered pursuant to a jury verdict finding that they infringed various claims of a United States patent on fluid control valves owned by Control Components, Inc. (CCI). We affirm.

Industrial Setting

Valtek and CCI manufacture industrial control valves used to regulate the flow of high pressure fluid in severe service applications. Conventional valves are unable to avoid two major problems associated with high pressure fluid flows: internal damage when the fluid is a vaporizable liquid and intense noise when the fluid is a gas.

Internal valve damage results from cavitation and erosion. Cavitation is a two-stage phenomenon beginning with the formation of vapor bubbles from a sudden reduction of pressure in a liquid flowing at high speed. The second stage of the cavitation process is the collapse or implosion of the vapor bubbles caused by deceleration of the fluid and a corresponding increase in pressure above its vapor point. Unable to exist at the higher pressure, the bubbles collapse with explosive energy, tearing away the interior surface of the valve. Erosion is the physical wearing away of metal as a result of liquid flowing at high velocity.

Severe noise accompanies the sonic and supersonic velociy of the fluid stream in gas applications. The noise can be so intense as to pose health problems for industry workers.

The Patent

In December, 1966, plaintiff, Richard Self, applied for a patent on an invention designed to minimize the internal damage associated with conventional control valves. After testing the structure with a gas in 1967 and discovering that the valve also moderated aerodynamic noise, Self filed a continuation-in-part of the prior application in May, 1968, now U.S. Patent 3,514,074 (THE PATENT), which was granted May 26, 1970. CCI is the exclusive licensee of the patent.

The major objects of the invention as recited in the patent are to "effect energy losses in high pressure flowing fluids . . ., thus avoiding damage and erosion" and to limit "fluid velocity" while "*quietly* effecting energy losses."

The Structure

The patented valve utilizes a stack of annular disks encircling a chamber in which a movable plug is lodged (see Figure 1). On the face of each disk are a large number of angular turn inducing grooves that produce resistance to fluid flow. A variety of possible configurations for the passageway grooves are illustrated in Figures 2, 3, 3A, 4, and 5. When the disks are stacked one upon the other, "individual passageway grooves" are enclosed between the abutting faces and impart frictional resistance losses to the fluid as it flows through each groove. The position of the center plug may be varied causing fluid flow through more or fewer of the individual grooves.

As described more particularly in the patent claims which are the focus of this litigation, the device is:

> 1. . . . a rigid structure comprising a stack of members having abutting faces enclosing therebetween a plurality of individual passageway grooves angular between inlet and outlet ends thereof to turn the fluid and provide a substantially longer fluid flow length than the distance between the inlet and the outlet ends thereof, and each passageway groove having an effective long length to diameter ratio cooperating with the angular turn-inducing configuration thereof to impart high frictional resistance losses to fluid flow therethrough; and means for compelling flow of the fluid through said passageways whereby potential energy of the fluid will be dissipated and velocity of the fluid will be controlled.
>
> . . . . .

16. A device according to claim 1, having in combination, a valve housing having afluid passage of substantial crosssectional flow area therethrough, said device comprising an annular structure mounted in said housing and across said passage to compel all fluid flowing through said passage to travel therethrough, and a valve plug movable in controlling relation reciprocably within said annular structure.

17. A combination according to claim 16, in which said annular structure comprises a stack of annular disks having said passageways in their faces and extending between and having openings at the inner and outer perimeters of the annular structure and adapted to be selectively opened and closed by movement of said plug in the annular structure.

The jury found that a valve manufactured by Valtek and marketed by Alpha infringed claim 17 of the patent.

The Accused Device

The Valtek valve also consists of a stack of annular disks surrounding an adjustable plug (see Figure 6). On the face of the Valtek disks are concentric grooves (see Figure 7). The grooves are cut successively deeper as they approach the circumference of the disk (see Figure 8). When the disks are stacked together they form a tooth-like passage as depicted in the cross-section diagram of Figure 8. Fluid flows from the center chamber radially outward, in a wave-like motion across the face of the disks. Promotional material emphasizes that the valve solves the cavitation problem because "pressure is reduced gradually across the face of the disks without sharp pressure drop typical of conventional [valves]."

Case and Issues

Defendants appeal that portion of the judgment finding claim 17 of the patent valid and infringed; they also appeal

that portion finding the intentional infringement of CCI's trademark. DRAG.

Defendants argue that: (1) claim 17 of the patent is invalid; (2) the lower court erred in refusing to admit into evidence statements made under oath by Richard Self and patent office findings on obviousness; (3) if valid, claim 17 was not infringed; and (4) no substantial evidence supports the finding of trademark infringement.

DISCUSSION OF THE ISSUES

I. *Validity of the Patent.*

A. *Factors to be Considered.*

A patent is invalid if the subject matter sought to be patented would have been "obvious at the time the invention was made to a person having ordinary skill in the art to which said subject matter pertains." 35 U.S.C. § 103. "While the ultimate question of patent validity is one of law" the determination of obviousness "lends itself to several basic factual inquiries." *Graham v. John Deere Co.*, 383 U.S. 1, 17, 86 S.Ct. 684, 694, 15 L.Ed.2d 545 (1966); *Swofford v. B & W, Inc.*, 395 F.2d 362 (5th Cir.), *cert denied*, 393 U.S. 935, 89 S. Ct. 296, 21 L.Ed.2d 272 (1968); *Robbins Co. v. Dresser Industries Inc.*, 554 F.2d 1289 (5th Cir. 1977). Factual questions properly resolved by the jury include "the scope and content of the prior art . . . differences between the prior art and the claims at issue . . . and the level of ordinary skill in the pertinent art . . . ." *Graham*, 383 U.S. at 17, 86 S.Ct. at 694. Skepticism of experts, commercial success, long felt but unsolved needs, and the failure of others are relevant secondary considerations. *United States v. Adams*, 383 U.S. 39, 86 S.Ct. 708, 15 L.Ed.2d 572 (1966).

The court instructed the jury on the "primary factors to consider" in supporting a "determination of the issue

of obviousness,"[1] and submitted to the jury the following question on the issue of validity:

> Are the differences between the subject matter patented by the claims of the 074 patent and the prior art such that the subject matter as a whole would have

---

1. The jury was charged as follows:

> Your analysis for the determination of the issue of obviousness should be based on all of the prior art taken as a whole. You may consider the inferences or teachings which one of ordinary skill in the art would draw from the prior art before December 5, 1966.
>
> In evaluating whether the subject matter as a whole would have been obvious as of December 1966 to those of ordinary skill, the primary factors to consider are the content of the prior art and the differences or similarities between the 074 patent and the prior art and the level of skill of a person of ordinary skill in the art. You may also, if you believe the evidence warrants it, take into consideration the following secondary factors to the extent that they may be found to cast some light on the circumstances:
>
> (1) Whether the valve described by the 074 patent yielded a new function or result not expected by those of ordinary skill in the art as of December 5, 1966.
>
> (2) Whether the nearest reference had disadvantages which would naturally discourage the search for a new solution to problems of cavitation and noise.
>
> (3) The commercial success of the 074 patented device and whether the commercial success, if any you find, was largely independent of advertising or of government regulation, such that the success was related to the merit of the 074 patented device, or whether the commercial success was merely the result of advertising, sales promotion or government regulation.
>
> (4) The period during which the problem, if any, solved by the 074 patented device, remained unsolved after it was recognized as a problem.
>
> (5) Whether the 074 patent satisfied a long-felt need of those skilled in the art to which the subject matter of the 074 patent pertained.
>
> You are to determine the question of obviousness based on the perception of a person of ordinary skill in the art as of December 5, 1966—not as of the level of knowledge at later dates. You must be cautious not to decide this question in the light of hindsight—which is always better than foresight.

been obvious to one of ordinary skill in the valve art as of December 5, 1966?

A general verdict was entered with respect to claim 17 finding that "the differences would not have been obvious to one of ordinary skill in the valve art." No separate special interrogatories were entered on the factual inquiries underlying the obviousness question.

The court did not err in submitting the above question to the jury. The interrogatory was not so broadly framed as to leave the ultimate determination of obviousness to the jury. As noted, in jury cases the question of patent validity is to be determined by the judge "on the results of factual inquiries" made by the jury. *National Filters Inc. v. Research Products Corp.*, 384 F.2d 516, 517 (5th Cir. 1967); *Cathodic Protection Service v. American Smelting and Refining Company*, 594 F.2d 499 (5th Cir. 1979). Under the court's instructions, the jury was to base its general verdict on the primary factors for consideration outlined in the charge. These considerations were appropriate questions of fact for the jury under *Graham*.

B. *Standard of Review.*

In light of the charge, we think jury findings on the factual underpinnings were implicit in the general verdict. *White v. Mar-Bel, Inc.*, 509 F.2d 287 (5th Cir. 1975). Under these circumstances we will "presume that the disputed matters of fact have been resolved favorably to the prevailing party in accordance with the trial judge's instructions." *Panther Pumps & Equipment Co., Inc. v. Hydrocraft, Inc.*, 468 F.2d 225, 228 (7th Cir. 1972); *see, Mar-Bel* at 290-91.[2] We presume as to the nature of the findings,

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2. This approach is most compelling in cases of this kind, where the patent "is presumed valid [and] the burden of establishing its invalidity rests with the party challenging the patent." *Cathodic Protection Service v. American Smelting and Refining Co.*, 594 F.2d 499 (5th Cir. 1979); 35 U.S.C. § 282.

not as to their *correctness*. We are limited in the latter analysis by the general proposition that jury findings on disputed matters of fact will be upheld by the reviewing court if substantial evidence exists to support them. *Kiva Corporation v. Baker Oil Tools, Inc.*, 412 F.2d 546 (5th Cir. 1969); *Boeing Co. v. Shipman*, 411 F.2d 365 (5th Cir. 1969).

As this court noted in *Swofford*, however, the validity issue involves mixed questions of fact and law. Preliminary factual determinations are made on the scope and content of the prior art and on the differences between the prior art and the claims at issue. The trial judge then determines whether the improvement would have been obvious at the time of the invention to a person having ordinary skill in the art. This conclusion of law requires the application of correct legal criteria to the factual determinations made by the jury. *Armour & Co. v. Wilson & Co.*, 274 F.2d 143 (7th Cir. 1960). The legal conclusion is "fully reviewable by the appellate court." *Monroe Auto Equipment Co. v. Heckethorn Mfg. & Supply Co.*, 332 F.2d 406, 411 (6th Cir. 1964); *Swofford* at 368. Any difficulty, however, in applying legal criteria to findings of fact, is considerably diminished in cases where the jury has made implicit findings on each underlying factual inquiry. *See, Kiva Corporation.* If findings of fact on the scope of the prior art and the uniqueness of the claim are supported by substantial evidence, a legal conclusion consistent with those findings is likely to follow. *See, e. g., Kiva Corporation; Steelcase, Inc. v. Delwood Furniture Co., Inc.*, 578 F.2d 74 (5th Cir. 1978); *Kaspar Wire Works, Inc. v. Leco Engineering & Machine, Inc.*, 575 F.2d 530 (5th Cir. 1978).

"Full review" in this context amounts to an inquiry whether the judge "correctly applies the law set out in *Graham.*" *Swofford* at 368; *Kaspar* at 543. Like the trial court, we are aided in our inquiry by the jury's findings

of fact. If supported by substantial evidence, these findings are apt to strengthen the trial court's legal conclusion. This case is no exception. Our independent review of the record discloses competent substantial evidence to support the jury's findings on the factual inquiries underlying the determination of validity.

C. *Scope and Content of the Prior Art.*

Evidence was presented to show that prior to the invention in 1966, no valve existed which solved both the problems of noise and cavitation, nor had any valve been able to use all fluids (gas, liquid, etc.) without damage. A number of manufacturers and users, including the world's largest control valve manufacturer, had failed to develop a valve which could solve both problems.

D. *Differences Between the Prior Art and the Claims at Issue.*

Valtek contends that claim 17 is readable on certain prior art references. These include the "Sempell R06" publication and the Binkley, Schlegel, and Willmann patents.

Sempell R06 is a German publication describing the Sempell valve as having a stack of "annular resistance disks," each having "radially ground-in recesses which, when stacked one upon the other, form high-resistance flow channels." The Binkley patent describes a valve for regulating high velocity discharge of water at dams. To control velocity through the valve, Binkley uses an annular structure that surrounds a valve plug which is actuated in a piston-like fashion to permit fluid to enter into numerous passageways created by the annular structure. The "passageways" are designed to decrease fluid velocity. According to Valtek, Binkley demonstrates that it has long been known that "angular turn-inducing configurations" would "impact high frictional resistence losses to fluid flow." (Claim

17 of the patent.) The Schlegel devise utilizes a set of disks, each having concentric "projections" over which the fluid flows. Fluid is repeatedly deflected at right angles by the projections causing considerable pressure loss. The Willmann device is a valve used for emulsifying milk or other fatty liquids. It includes a stack of annular disks through which the fluid is compelled to flow. Each disk has on its face a number of grooves which are said to correspond with the "passageway grooves of the Self patent."

CCI presented the following evidence to distinguish these prior art references from the claims of the Self patent. The Sempell R06 valve was not designed to control velocity. The purpose of separate disks in the Sempell valve was to facilitate replacement of disks damaged from the uncontrolled velocity, avoiding the necessity of replacing the entire valve. The valve plug was designed to withstand high velocity whereas Self's plug acts only to close off passageways from which low velocity fluid flows. The Sempell valve would easily clog with dirt, was subject to excessive wear, and was withdrawn from the market in 1975. In the Binkley device, fluid flows over and around the structure formed by the element, and not through passageways between abutting faces of annular disks. Binkley is a variable resistor addressed to water noise only. In Binkley, all passageways are simultaneously filled, whereas the Self plug regulates water flow through selected disks. The Schlegel device does not have a stack of disks with abutting faces within the meaning of claim 17. Because it has no control plug within the resistor, it is not a valve. It does not have a plurality of passageways but one inlet and one outlet per pair of disks. It is used only for gases. It is a variable velocity device, not a constant velocity device as the Self patent. The Willmann apparatus was designed to homogenize milk and was used only in liquid applications. It was one of the prior art references con-

sidered by the patent examiner prior to granting the Self patent.

E. *Secondary Factors.*

Evidence was also before the jury showing: that the Self valve was a tremendous commercial success; that competitors were distressed over the widespread success of the Self valve; that experts in the valve art were at first skeptical over the claims of the inventor; that prior to the invention experts in the art urged against the use of abrupt turns which ultimately proved the solution to the problem; and, that competitors viewed the Self valve as representing an important advance in the art.

F. *Conclusion.*

In reaching their general verdict, the jury was able to consider extensive and often conflicting evidence of a technical nature. Scientific testimony included that of the inventor, three fluid dynamics experts, three control valve experts, the designer of the Valtek valve, several user experts, and two patent experts. Exhibits included flow demonstrations in the courtroom, approximately 200 documentary exhibits, and approximately 60 physical exhibits. We are satisfied on this record that the jury's factual findings are supported by substantial evidence.

We also conclude that the trial court correctly applied the law set out in *Graham* to these factual findings to determine that the improvement embodied in the patent would not have been obvious to one skilled in the art at the time of the invention.

II. *Evidentiary Rulings.*

Defendants contend that the trial court erred in refusing to admit statements made under oath to the patent office by Richard Self, and written findings entered by the

patent examiner. We disagree. The trial court found that the statements of Mr. Self were not in conflict with his testimony and were therefore not available to impeach him. The ruling was within the trial court's discretion. *United States v. Hale,* 422 U.S. 171, 95 S.Ct. 2133, 45 L.Ed.2d 99 (1975). The examiner's report was a non-final agency action which included the examiner's opinion on the ultimate issue of validity. The trial court did not abuse is discretion in excluding the report on the basis of possible prejudice. *Perel v. Vanderford,* 547 F.2d. 278 (5th Cir. 1977); Fed.R. Evid. 403.

III. *Patent Infringement.*

Defendants argue that as a matter of law claim 17 is not infringed. First, it is argued that claim 17 is a dependent claim which must be construed to include all the limitations of claim 1. 35 U.S.C. § 112. The language "said passageways" in claim 17 must, therefore, be limited to the meaning of "individual passageway grooves" as described in claim 1. Because the Valtek disks do not have "passageway groves" but concentric teeth, there can be no infringement. Next, Valtek argues that the file history of the patent and the prior art require a narrow construction of the phrase "individual passageway grooves." Because to uphold its validity claim 17 had to be narrowly construed to avoid the prior art, it cannot now be expanded by the doctrine of equivalents to recapture what was previously disclaimed. If the "individual passageway grooves" are read so broadly as to include the Valtek disks, claim 17 is invalid as readable on the prior art Schlegel disks. *See, e. g., Sterner Lighting, Inc. v. Allied Electric Supply, Inc.,* 431 F.2d 539 (5th Cir. 1970). Finally, it is argued that changes made in the patent file wrapper support the limited construction. The passageway grooves language replaced the phrase "streams of fluid" which was readable on the Wilson prior art reference. The new language was chosen to avoid con-

flict with prior art closely corresponding to Valtek's valve. It cannot now form the basis for a finding of infringement against Valtek. *See, e. g. Nationwide Chemical Corp v. Wright,* 584 F.2d 714 (5th Cir. 1978).

These arguments do not address the ultimate factual question. Agreeing that claim 17 is a dependent claim and that it must be construed with all the limitations upon the phrase "individual passageway grooves" as argued above, the question remains as to the proper meaning and significance of the phrase. That is a factual issue to be determined by the jury with reference to the specifications in the patent, the disclosures of the prior art, and the testimony of experts. *National Filters, Inc. v. Research Products Corp.,* 384 F.2d 516 (5th Cir. 1967); *Cameron Iron Works v. Stekoll,* 242 F.2d 17 (5th Cir. 1957); *Graver Tank and Manufacturing Co. v. Linde Air Products Co.,* 339 U.S. 605, 70 S.Ct. 854, 94 L.Ed. 1097 (1950).

After considering the extrinsic evidence, the jury resolved the factual dispute over the meaning of the phrase against the defendants. We believe the judge properly denied the defendants' motion for judgment n. o. v. on this issue. Extrinsic evidence in support of the jury's findings was "of such quality and weight that reasonable and fair-minded men" might reach different coenclusions. *Boeing Co. v. Shipman,* 411 F.2d 365, 374 (5th Cir. 1969). The jury verdict was properly left undisturbed.

IV. *Trademark Infringement.*

A trademark is infringed if use of the allegedly infringing mark is likely to cause confusion or mistake, or to deceive purchasers or users as to the source, endorsement, affiliation or sponsorship of the product. 15 U.S. C. § 1114; *Roto-Rooter Corp v. O'Neal,* 513 F.2d 44 (5th Cir. 1975). "Proof of actual confusion is not necessary—likelihood of confusion is the appropriate inquiry." *Id.,* at 45; *Contin-*

ental Motors Corp. v. Continental Aviation Corp., 375 F.2d 857 (5th Cir. 1967). Factors to be considered in determining likelihood of confusion include:

> . . . the type of trademark at issue; similarity of design; similarity of product; identity of retail outlet and purchasers; identity of advertising media utilized; defendant's intent; and actual confusion. [*Id.*, at 45.]

At the close of the evidence, the question of trademark infringment was propounded to the jury with appropriate instructions by the court.[3] The jury responded with a written verdict stating, "Yes, defendant's use of 'DRAGON TOOTH' is likely to cause confusion, or mistake or to deceive." The jury also found that "the trademark infringement was intentional." The trial court concluded that "there was substantial evidence to support the jury verdict." We agree and find no basis for disturbing the jury verdict or the judge's order denying judgment n. o. v. on this point.

---

3. The jury was charged as follows:

> Plaintiffs' trademark DRAG is infringed by defendants only if defendants' use of DRAGON TOOTH on their valve creates a likelihood of confusion, mistake or deception as to source, as to endorsement, approval, affiliation or as to sponsorship of the DRAG valves or DRAGON TOOTH valves.
>
> Likelihood of confusion, mistake or deception is determined by evaluating a variety of factors including:
>
> (1) similarity or disimilarity of the two marks in their entirety, as to appearance, sound, connotation and commercial impression;
>
> (2) similarity of product;
>
> (3) whether the purchasers or users of the valves are same;
>
> (4) the level of sophistication of the valve purchasers and users;
>
> (5) the conditions under which sales of the valves are made including their sales channels;
>
> (6) whether the advertising media utilized are the same;
>
> (7) defendants' intent; and
>
> (8) actual confusion, if any.

Accordingly, the final order and judgment of the trial court is

AFFIRMED.

Appendix to follow.

APPENDIX

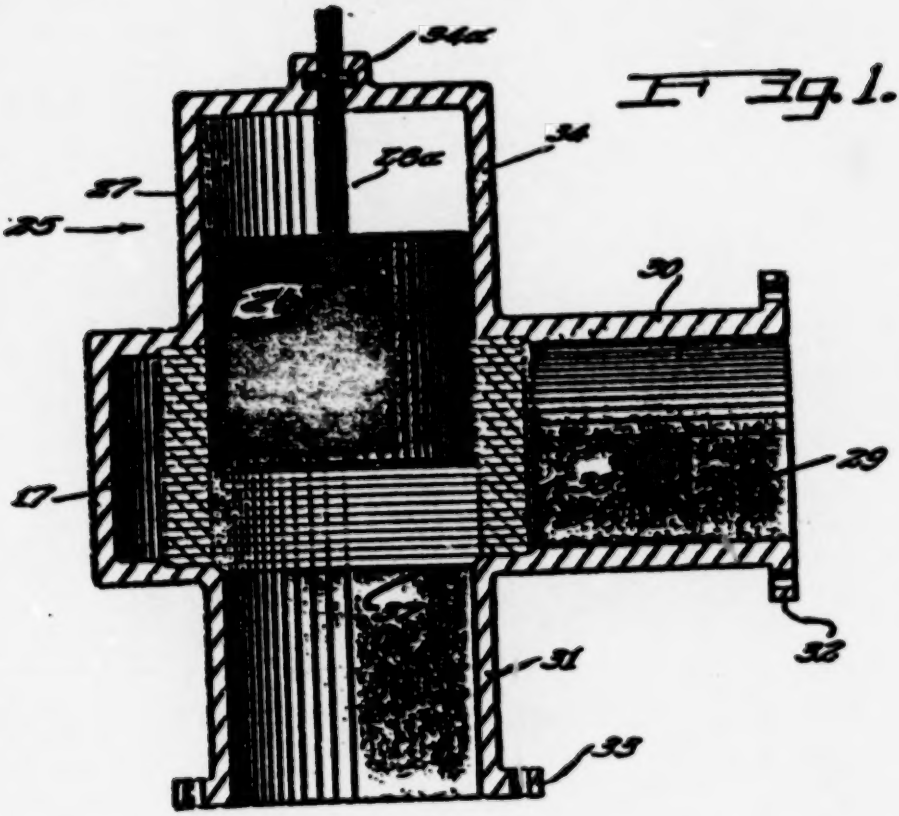


Fig. 1.

Figure 2

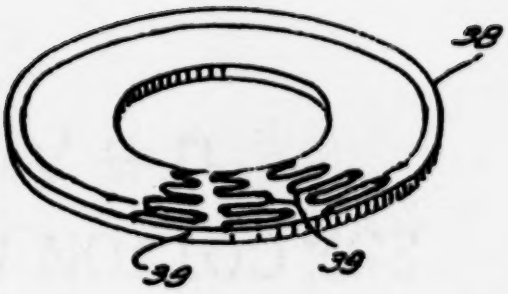
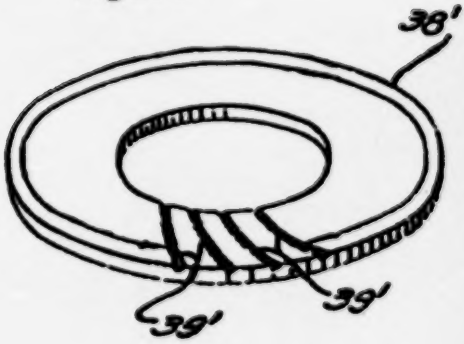


Figure 3



NOTE: Italicized numbers are irrelevant to the issues in this case.

APPENDIX—Continued

Fig. 4

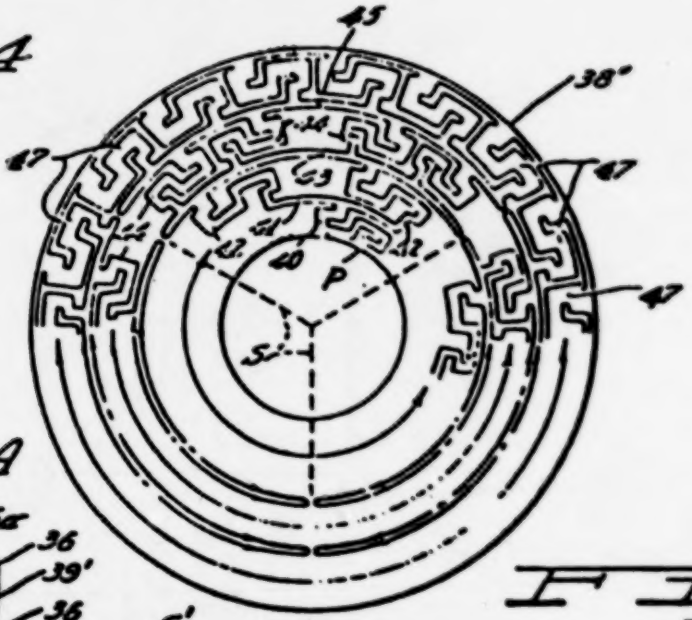
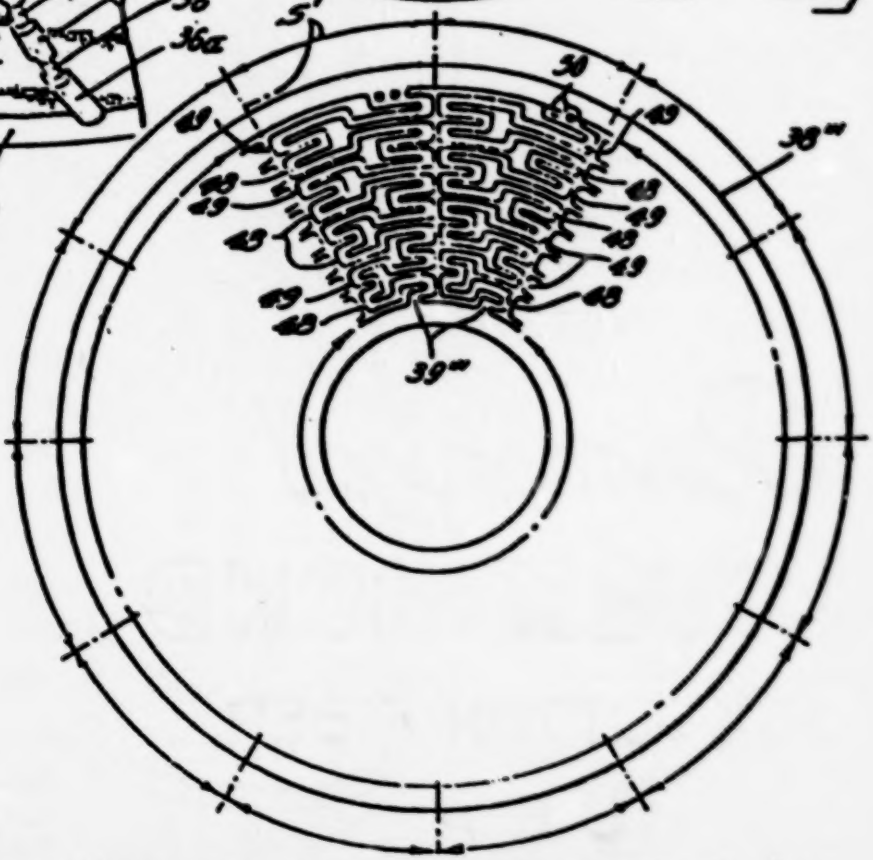


Fig. 3A



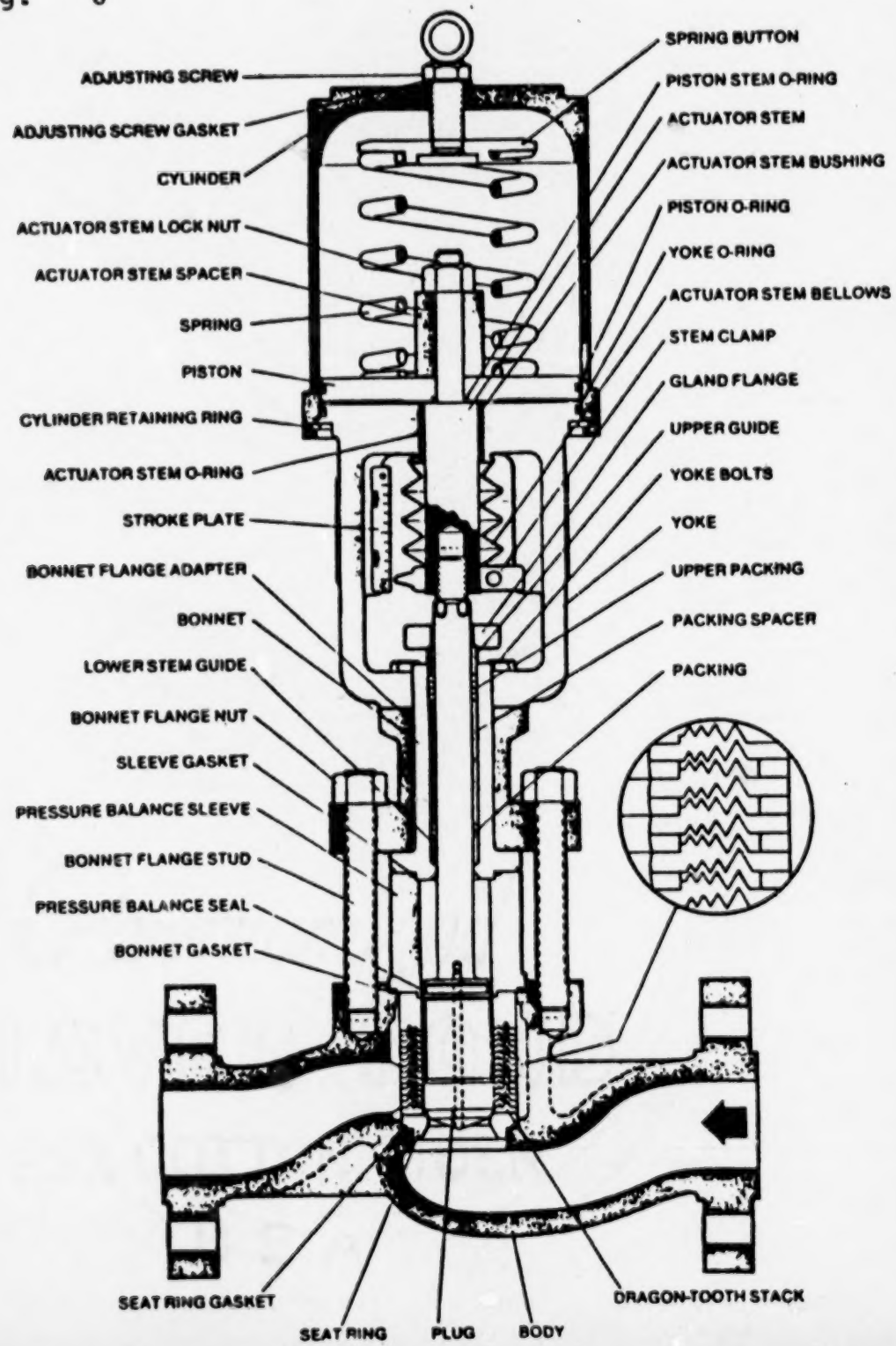
Fig. 5



NOTE: Italicized numbers are irrelevant to the issues in this case.

APPENDIX—Continued

Fig. 6



APPENDIX—Continued

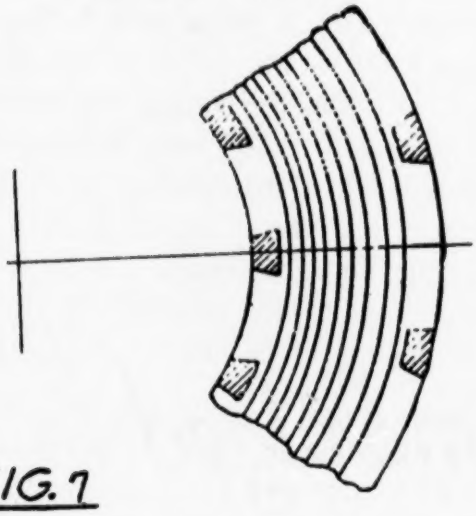


FIG. 7

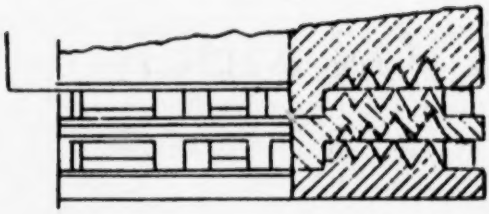


FIG. 8

ALVIN B. RUBIN, Circuit Judge, concurring in part and dissenting in part:

I.

In discussing the validity of the patent, the majority opinion demonstrates complete understanding of the issues. Because I think the result my brethren reach is correct, I concur. However, while the approach they take pursues a line indicated by prior jurisprudence, I think it takes us a step further into the Serbonian bog that threatens to engulf patent litigation. A different method of trial appears to me to be the only firm ground for traversing the terrain of obviousness in a manner consistent with the Supreme Court's determination in *Graham v. John Deere Co.*, 1966, 383 U.S. 1, 17, 86 S.Ct. 684, 694, 15 L.Ed.2d 545, 556, that "the ultimate question of patent validity is one of law."

Patent validity and nonobviousness are not separate questions; validity embraces nonobviousness for it can be established only by proving that indispensable ingredient. In *Swofford v. B & W, Inc.*, 5 Cir. 1968, 395 F.2d. 362, *cert. denied*, 393 U.S. 935, 89 S.Ct. 296, 21 L.Ed. 272, Judge Wisdom, implementing *Graham* for a panel of this court, attempted to provide a path to follow in determining the respective roles of judge and jury in deciding the obviousness issue. Noting the inconsistent trails we had previously followed, *Swofford* determined that obviousness is itself a question of law for the judge to decide. The decision is reached in three steps. First, what was the prior art?—a factual question. Second, what, if any, improvement has the patentee made over the prior art? — a question of fact that will usually turn on expert testimony. Third, would the improvement have been obvious to one skilled in the art?—a question of law, fully reviewable by the appellate court.

The Supreme Court apparently takes the same view of the obviousness issue, *see Sakraida v. Ag Pro, Inc.*,

1976, 425 U.S. 273, 96 S.Ct. 1532, 47 L.Ed.2d 784; and we have since attempted consistently to adhere to the approach in *Swofford. See, e. g., Robbins Co. v. Dresser Industries, Inc.,* 5 Cir. 1977, 554 F.2d. 1289, 1290; *Gaddis v. Calgon Corp.,* 5 Cir. 1975, 506 F.2d 880, 884; *Garret Corp v. American Safety Flight Systems, Inc.,* 5 Cir. 1974, 502 F.2d 9, 14.

In *White v. Mar-Bel, Inc.,* 5 Cir. 1975, 509 F.2d. 287, we took another step on the *Swofford course,* stating:

> [I]f the ultimate issue of validity depends on subsidiary fact questions, it is the court's duty to instruct the jury that it should return one verdict if the facts are found one way and a different verdict if the facts are found otherwise. In such event, as in other cases tried to a jury, the reviewing court will *presume* that the disputed matters of fact have been resolved favorably to the prevailing party in accordance with the trial judge's instructions. (Emphasis supplied.)

Id. at 290-91. We thus adopted the view of the Seventh Circuit in *Panther Pumps & Equipment Co. v. Hydrocraft, Inc.,* 7 Cir. 1972, 468 F.2d 225, 228, *cert. denied,* 411 U.S. 965, 93 S.Ct. 2143, 36 L.Ed.2d 685, an opinion by Judge (now Justice) Stevens.

I respectfully submit that the path laid out in *Panther Pumps* and followed in *Mar-Bel* does not and cannot satisfy the *Graham* mandate. Both opinions rely on the thesis that, because the judge may, in other civil jury cases, instruct the jury to render a general verdict, he may (or should) also do so in patent validity cases. Under that view, the problem in patent cases is merely to instruct the jury adequately about the factual determinations that would point one way or the other; an instruction perhaps more complex than in other jury cases but different only in a slight degree.

The verdict reached by the jury on such a charge escapes appellate review save for analysis of the correctness

of the jury charge. *Graham,* I respectfully submit, commands not only how and by whom issues are to be decided at trial but how they are to be reviewed on appeal. The basic issue before us is how we, as an appellate court, review a general jury verdict that concludes merely (and categorically) that the subject matter of the patent was not obvious. My brethren, following *Mar-Bel,* conclude that there are implicit factual findings in the general verdict that are subject to review based only on the substantial evidence test.

I think meaningful devotion to *Graham* requires a different course, unique to patent litigation. In this area where decisional responsibility is so clearly divided, the methods of reaching a decision must be more sharply defined; the path to this end is to require jury verdicts on special interrogatories, as permitted by Fed.R.Civ.P. 49(a). *See generally Guidry v. Kem Manufacturing Co.,* 5 Cir. 1979, 598 F.2d 402. If we do not do so, the result will be that validity will

> effectively become a question for the jury, not one of law for the judge. If every special verdict on validity leads to implicit findings on non-obviousness, then the trial court cannot review either the verdict or the underlying findings unless the standard for judgment notwithstanding the verdict is used.

Ropski, *Constitutional and Procedural Aspects of the Use of Juries in Patent Litigation,* 58 J.Pat.Off.Soc'y 609, 685 (1976). Moreover that course has pragmatic difficulties: a relatively minor error in the charge may require a lengthy new trial. Submission on special interrogatories can avert that. *See* Brown, *Federal Special Verdicts: The Doubt Eliminator,* 1968, 44 F.R.D. 338.

Even if I thought *Mar-Bel* terra firma, I do not think the judge followed its guidance here. The jury was explicitly instructed, "You are to determine the question of

obviousness. . . ." This imperative was qualified merely by identifying the underlying factual inquiries of the *Graham* test as "factors to consider" when the jury was resolving the question. The jury, not the judge, determined obviousness; and not even the less than fully satisfactory *Panther Pumps* procedure was followed. That case would at least have required an instruction of the on-the-one-hand and on-the-other-hand variety.

Appellants, however, do not challenge the instructions to the jury. Their attack is levelled against the conclusion that the patented invention was nonobvious. Because, in addressing the motion for a judgment notwithstanding the verdict, the district judge necessarily considered and rejected appellants' contention that the invention was obvious as a matter of law, and because, as my brethren ably demonstrate, there is adequate evidence in the record to support the conclusion of nonobviousness under the *Graham* standard, I concur in the affrmance of the judgment that the patent was valid and infringed. Moreover, in ruling on the motion the district judge indicated that his conclusion on the obviousness of the invention would not differ from the jury verdict. In view of the district judge's correct statement of the *Graham* standard in his instructions to the jury, and the substantial evidence of facts establishing nonobviousness under that standard, I cannot conclude that the district judge's holding was erroneous as to either facts or law. *See* Fed.R.Civ.P. 52(a); *United States v. United States Gypsum Co.*, 1948, 333 U.S. 364, 395, 68 S.Ct. 525, 542, 92 L.Ed. 746, 765; *W.R.B. Corp. v. Geer*, 5 Cir. 1963, 313 F.2d 750, 753, *cert. denied*, 1964, 379 U.S. 841, 85 S.Ct. 78, 13 L.Ed. 2d 47.

II.

Turning to the trademark issue, I cannot conclude that the evidence shows any possibility of confusion by the

customers for these devices. *See Roto-Rooter Corp. v. O'Neal,* 5 Cir. 1975, 513 F.2d 44. That statement may simply reflect my personal perversity, for the jury apparently found such a possibility, and the able trial judge and two of my colleagues consider the evidence sufficient to warrant its verdict. The jury found that the trademark was intentionally copied, and I not only consider this supported by substantial evidence; I agree. The product was, however, as the majority show, sold only to sophisticated purchasers.[1] The valve controls are expensive advance-order items, generally specially engineered for a particular application. The marks themselves — DRAG and DRAGONTOOTH — are similar only in the use of the syllable "drag". I do not find substantial evidence that the industrial purchasing agents who were the real customers would have been misled even had the imitator chosen the mark Drag II in a deliberate effort to imitate. In this market, there was neither real confusion nor likelihood of confusion.

The evidence overwhelmingly suggests the opposite: past purchasers of these valves were aware and future purchasers likely would be equally aware of the existence of two valves, two manufacturers and two trademarks, distinguishing between them with accuracy. No doubt Valtek's use of the trademark DRAGONTOOTH aided in it alerting the marketplace to the existence of competition to the DRAG valve, as did its sales through the sales repre-

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1. Tradmark infringement must rest upon a finding that the allegedly infringing mark is likely to confuse the product's "typical buyer". *Armstrong Cork Co. v. World Carpets, Inc.,* 5 Cir. 1979, 597 F.2d 496, 500 n. 5; *Kentucky Fried Chicken Corp. v. Diversified Packaging Corp.,* 5 Cir. 1977, 549 F.2d 368, 389 n. 26. The evidence of the sophistication of the normal purchaser and the care involved in the decisions leading to the purchase of the product is the touchstone for determining the likelihood of confusion. 3 R. Callmann, The Law of Unfair Competition, Trademarks and Monopolies § 81.2 (3d ed. 1969).

sentative previously used by Control Components. But such ploys to advise purchasers of the nature and availability of one's product are not the palming off of one's goods as those of a competitor required for trademark infringement. *See B. H. Bunn Co. v. AAA Replacement Parts Co.*, 5 Cir. 1971, 451 F.2d 1254, 1261. The evidence does not suffice to demonstrate that the purchasers of these valves would be led by Valtek's trademark DRAGONTOOTH to purchase the Valtek valve in the erroneous belief that it is actually produced by Control Components. Valtek trades not on the good will attached to its competitor's trademark, but on the market's desire for the particular type of product previously produced only by Control Components. The latter appropriation of the market is the essence of free competition. If it has any limits, they are provided by the patent law. In my opinion the facts in the record and all reasonable inferences from those facts can support only one conclusion: there was no evidence of confusion among the purchasers of these valves *as to the source* of the Valtek valve. *See Boeing Co. v. Shipman*, 5 Cir. 1969, 411 F.2d 365. I therefore respectfully dissent from that portion of the court's opinion upholding judgment of the trademark infringement.

APPENDIX B

UNITED STATES COURT OF APPEALS

FOR THE FIFTH CIRCUIT

No. 79-1626

D. C. Docket No. H-77-819

CONTROL COMPONENTS, INC., and
RICHARD E. SELF, Plaintiffs-Appellees,

v.

VALTEK, INC. and ALPHA ENGINEERING
COMPANY, Defendants-Appellants.

Appeal from the United States District Court for the
Southern District of Texas

Before FAY, RUBIN and HATCHETT, Circuit Judges.

JUDGMENT

This cause came on to be heard on the transcript of the record from the United States District Court for the Northern District of Texas, and was argued by counsel;

ON CONSIDERATION WHEREOF, It is now here ordered and adjudged by this Court that the judgment of the said District Court in this cause be, and the same is hereby, affirmed;

It is further ordered that plaintiff-appellants pay to defendants-appellees, the costs on appeal to be taxed by Clerk of this Court.

January 9, 1980

RUBIN, Circuit Judge, concurring in part
and dissenting in part.

ISSUED AS MANDATE: MAY 5, 1980

APPENDIX C

CONTROL COMPONENTS, INC. and
Richard E. Self, Plaintiffs-Appellees,

v.

VALTEK, INC. and Alpha Engineering
Company, Defendants-Appellants.

No. 79-1626.

United States Court of Appeals,
Fifth Circuit.
April 23, 1980.

Appeal from the United States District Court for
the Southern District of Texas;

FINIS E. COWAN, Judge.

ON PETITION FOR REHEARING AND
PETITION FOR REHEARING
EN BANC
(Opinion January 8, 1980, 5 Cir., 1980),
609 F.2d 763)

Before FAY, RUBIN and HATCHETT,
Circuit Judges.

PER CURIAM:

The Petition for Rehearing is DENIED and the Court having been polled at the request of one of the members of the Court and a majority of the Circuit Judges who are in regular active service not having voted in favor of it, (Rule 35 Federal Rules of Appellate Procedure; Local Fifth Cir-

cuit Rule 16) the Petition for Rehearing En Banc is also DENIED.

Before COLEMAN, Chief Judge, BROWN, AINSWORTH, GODBOLD, CHARLES CLARK, RONEY, GEE, TJOFLAT, HILL, FAY, RUBIN, VANCE, KRAVITCH, FRANK M. JOHNSON, JR., GARZA HENDERSON, REAVLEY, POLITZ, HATCHETT, ANDERSON, RANDALL, TATE, SAM D. JOHNSON and THOMAS A. CLARK, Circuit Judges.

BROWN, Circuit Judge, with whom TJOFLAT, RUBIN and RANDALL, Circuit Judges, join, dissenting.

It may seem incongruous that a thing ordinarily thought to be a procedural technicality should occupy the attention of the now 24 active Judges on this busy court or impose a like burden on certiorari to the Supreme Court. But this is much more than a question whether Special Interrogatories F.R.Civ.P. 49(a) (or their form) are to be used in preference to submission on a general verdict.

This case is of exceptional importance because the issues it presents arise in every jury trial of a patent case. Submitting the obviousness issue to a jury for a general verdict, in the manner our previous decisions permit, appears to me to be inconsistent with the precept that "the ultimate question of patent validity is one of law." *Graham v. John Deere Co.*, 383 U.S. 1, 86 S.Ct. 684, 15 L.Ed.2d 545 (1966). I, therefore, respectfully, dissent from the refusal to grant rehearing en banc.

APPENDIX D

IN THE UNITED STATES DISTRICT COURT
FOR THE SOUTHERN DISTRICT OF TEXAS
HOUSTON DIVISION

CONTROL COMPONENTS, INC. and RICHARD E. SELF,
Plaintiffs,

v.

VALTEK, INC. and ALPHA ENGINEERING CO.,
Defendants.

CIVIL ACTION No. H-77-819

. . . . CHARGE TO THE JURY

QUESTION NUMBER 4

V.

THE CHARGE ADDRESSED TO OBVIOUSNESS

The fourth question is this:

> Are the differences between the subject matter patented by the claims of the 074 patent and the prior art such that the subject matter as a whole would have been obvious to one of ordinary skill in the valve art as of December 5, 1966?
> You will be asked to answer separately as to each of Claims 7, 14 and 17 of the patent.

In deciding whether any or all of Claims 7, 14 and 17 are obvious over the prior art, you must first make these determinations:

(1) The scope and content of the prior art.

(2) From the scope and content of all the prior art relative to each of Claims 7, 14 and 17, what differ-

ences, if any, exist between the prior art and the subject matter of each of Claims 7, 14 and 17?

(3) What was the level of skill of a person of ordinary skill in the valve art on or about December 5, 1966?

Your analysis for the determination of the issue of obviousness should be based on all of the prior art taken as a whole. You may consider the inferences or teachings which one of ordinary skill in the art would draw from the prior art before December 5, 1966.

In evaluating whether the subject matter as a whole would have been obvious as of December 1966 to those of ordinary skill, the primary factors to consider are the content of the prior art and the differences or similarities between the 074 patent and the prior art and the level of skill of a person of ordinary skill in the art. You may also, if you believe the evidence warrants it, take into consideration the following secondary factors to the extent that they may be found to cast some light on the circumstances:

(1) Whether the valve described by the 074 patent yielded a new function or result not expected by those of ordinary skill in the art as of December 5, 1966.

(2) Whether the nearest references had disadvantages which would naturally discourage the search for a new solution to problems of cavitation and noise.

(3) The commercial success of the 074 patented device and whether the commercial success, if any you find, was largely independent of advertising or of government regulation, such that the success was related to the merit of the 074 patented device, or whether the commercial success was merely the result of advertising, sales promotion or government regulation.

(4) The period during which the problem, if any, solved by the 074 patented device, remained unsolved after it was recognized as a problem.

(5) Whether the 074 patent satisfied a long-felt need of those skilled in the art to which the subject matter of the 074 patent pertains.

You are to determine the question of obviousness based on the perception of a person of ordinary skill in the art as of December 5, 1966 — not as of the level of knowledge at later dates. You must be cautious not to decide this question in the light of hindsight — which is always better than foresight.

. . . .

APPENDIX E

IN THE UNITED STATES DISTRICT COURT
FOR THE SOUTHERN DISTRICT OF TEXAS
HOUSTON DIVISION

CONTROL COMPONENTS, INC., and RICHARD E. SELF,
Plaintiffs,

v.

VALTEK, INC., and ALPHA ENGINEERING CO.,
Defendants.

CIVIL ACTION
No. H-77-819

BEFORE

HONORABLE FINIS E. COWAN,
DISTRICT JUDGE

Houston, Texas
March 6, 1979

TRANSCRIPT OF PROCEEDINGS

APPEARANCES

Mr. Tom Arnold of the law firm of Messrs. Arnold, White & Durkee, 2100 Transco Tower, Houston, Texas; and Mr. Roland T. Bryan and Mr. Paul L. Bollo of the law firm of Messrs. Bryan & Bollo, Two Landmark Square, Stamford, Connecticut; and Mr. Joseph M. Maguire of The Babcock & Wilcox Company, 161 E. 42nd Street, New York, New York, appearing for the plaintiffs.

Mr. Bernarr Roe Pravel of the law firm of Pravel, Gambrell, Hewitt, Kirk, Kimball & Dodge, 600 Jefferson,

Houston, Texas, and Mr. H. Ross Workman of the law firm of Messrs. Fox, Edwards & Gardiner, 2000 Beneficial Life Tower, Salt Lake City, Utah, appearing for the defendants.

PROCEEDINGS

THE COURT: Let the record reflect that we are going on the record in connection with Civil Action No. H-17-819 and that counsel for all parties are here to discuss with the Court and make argument concerning the form of a final order, a judgment decree relating to the liability aspects of the case.

The Court has fixed upon a form of final judgment which it intends to enter tomorrow, as soon as the secretary can type it up.

In addition to that, we have been discussing the form of an order superseding the patent infringement injunction in setting a supersedious bond.

The Court at this time has determined the type of order that it is going to enter. It has not decided the amount of the supersedious bond. Counsel for the parties indicate that they wish to make a record concerning what we have done today and the order that the Court contemplates entering tomorrow. For that reason, we are going on the record.

So you gentlemen representing the defendants please go ahead and make the record that you have indicated you wish to make.

MR. WORKMAN: Just so the record will reflect, the defendants have made a motion for NOV trademark issues and have made argument in support thereof, and I presume the Court has ruled on that matter.

THE COURT: That is right. The Court has indicated an intention to overrule all defendants' motions, and the order which will be entered tomorrow actually does so.

MR. WORKMAN: And that included also the motion for judgment and NOV on the obvious question of the patent issue?

THE COURT: Right. Your understanding is correct.

MR. WORKMAN: Your Honor, also the defendants have moved to add three short findings of fact on the trademark issue. Has the Court made any ruling with respect to the findings of fact?

THE COURT: Why don't you dictate into the record what those requested findings are. I think this record would make more sense to the Appellate Court at this point instead of going back and having to fish them out. This way they would have before them the exact findings that you are requesting.

MR. BRYAN: I am Mr. Bryan. I thought the Court said that you were not going to enter any findings except this judgment.

THE COURT: That is correct, but I am letting him make those findings.

MR. BRYAN: I am not sure the record reflects that.

THE COURT: Yes. He is going to dictate into the record the findings he is going to request me to make. And I would anticipate, in my mind, unless I change my mind, I am going to decline to make them.

MR. WORKMAN: I will read these short findings. Number 1: "The trademarked valves are expensive and must be specifically engineered and designed for a particular application and they are brought only after numerous meetings between the sales representatives and engineering staffs of both the manufacturers and the purchasers."

THE COURT: I am inclined to make the finding of fact, however, I will state for the record that I think it is established concisively as a matter of law. That is the case.

I don't think there is any dispute about that, and that is the reason I would decline to make a finding of fact.

MR. WORKMAN: Number 2: "There is no evidence that any purchaser of control valves has ever bought a Dragon Tooth valve in the place it was manufactured or sold by the manufacturer."

THE COURT: I disagree with that. I think there was evidence of confusion, and so I will decline to make that finding of fact.

MR. WORKMAN: And the third: Number 3: "Purchasers of the trademark valves have technical backgrounds and are well educated and they are required to apply engineering skills in selecting a particular valve prior to purchase."

THE COURT: Again, the Court has established that that is as a matter of law and would decline to make a factual finding on it.

MR. WORKMAN: Thank you, your Honor.

MR. BRYAN: May I comment on that, Judge, just for the record, for the plaintiff? I think that the record shows that some purchasers may look at these things very carefully, but the record also reflects that there are users of such valves who may not look at them with such degree of care, and that the record does show that users do call for these things by their trademark names and there was testimony to that effect. Certainly, that would be before the Court on any appeal in this case.

Now, as to the degree of education and the degree of scrutiny that are given by the people, I think there is not conclusively shown that every sale is in that category.

The testimony of Mr. Bates was that some valves are very small and can essentially be pulled off the shelf, and they may or may not be subject to the same degree of

scrutiny by people of such education. Again, I think that is a question of what is in the record, your Honor.

THE COURT: I think that is right. The Court's recollection on these matters that we have been discussing now, while there may have been some difference in emphasis among the various witnesses, that there was really no diffrence in the ultimate statement of fact of that that various witnesses made.

MR. BRYAN: The point is, these were the things that were submitted to the jury, under the instructions, and the jury resolved whatever conflicts there are on the point.

MR. WORKMAN: Just so the record is clear, the defendants have moved that the trademark injunction be stayed. And do we understand correctly — maybe the Court ought to state its ruling with respect to that motion.

THE COURT: The Court has denied that motion on the grounds that the jury's findings with reference to the trademark infringement issue are fully supported by the record, and it would be inequitable to deny injunctive relief on the trademark aspect of this case, in the Court's judgment.

MR. WORKMAN: And the record should reflect that counsel has, in the course of the argument today, argued that such a ruling will inevitably result in irreparable damage to the defendants, particularly because it will require the defendants to terminate the use of the trademark immediately. And this termination of the use of the trademark will cause immediate and irreparable damage.

Even in the event that the defandants should prevail on appeal and because of the substantial expense and the substantial necessary efforts that will be required to reinstate the use of the trademark, after two years of disuse or two years of more disuse as a result of this order, the

defendants believe that they will, for all practical purposes, have forever lost their rights to use the trademark and forever lost their right of that good will.

THE COURT: The record will reflect that Mr. Workman did, in fact, and has, in fact, made that argument very urgently and very persuasively, and the Court has rejected it.

MR. PRAVELL: I believe Mr. Workman has covered all of these motions that are pending. I just want to be sure that the record is clear that the Court has denied all of the defendants' pending motions.

THE COURT: The record is, I hope, clear that the Court has denied all of the denfendants' pending motions.

Let the record also reflect that the Court's decision in entering this judgment is that the Court's review of the record has persuaded the Court, at least, that there is substantial evidence to support the jury's findings. And the Court's intention of entering this judgment is not to make any independent fiindings of its own, but simply to enter judgment on the basis of the jury's verdict.

It is the intention and hope of the Court that the judgment that has been prepared and will be entered tomorrow does in fact simply enter a judgment on the basis of the jury's findings.

MR. PRAVEL: May I reiterate one point that we made in our motion with respect to the finding by the jury of non-obviousness?

THE COURT: Yes, sir.

MR. PRAVEL: And that is, as we have explained to the Court prior to this time, and in our motion, we, the defendants, regard, and I believe it is crystal clear, that in the Fifth Circuit the issue of obviousness under 35 USC 103 is a question of law and is not a jury issue. And that under the Fifth Circuit law, this is a factor which is an

issue which is properly before the Court and not for the jury.

THE COURT: If that would be the case, and if the Court is required to make a finding on it, the finding the Court will make is consistent with the finding which the jury has made.

Anything further, gentlemen?

MR. WORKMAN: Nothing further.

THE COURT: Mr. Bryan, did you have some kind of record that you wanted to make?

MR. BRYAN: The only one I wanted to make, your Honor, is with respect to the patent injunctive suspension or modification. The defendants do stipulate to the two-year period, with respect to the infringement, about continuing infringement, as related in the order that the Court has drafted for us as we are sitting here. But I do believe that the ability to solicit new orders for delivery after the two-year period should be limited to orders which can be completed within the two-year period, otherwise they could enter a group of orders which are not deliverable, say, for seven years and in effect, by this order, get a compulsory license for them.

MR. WORKMAN: I would like to speak to that.

THE COURT: Let me interrupt you a minute, Mr. Bryan. How would you suggest or propose to that that problem be dealt with?

MR. BRYAN: I would say under contract solicit Dragon Tooth valves, which orders may be delivered within the said two-year period.

THE COURT: Mr. Workman, do you want to be heard in response to that?

MR. WORKMAN: Yes, sir. As Mr. Bryan well knows, sometimes it take six months to a year to even make these

valves and that, in effect of that, is to, first of all, reduce the time period into which the defendants would be able to operate under this supersedious provision. But even more importantly, the net effect of that is to preclude defendants from making bids on any jobs for which they cannot guarantee delivery in this two-year period of time, and that is going to be impossible. It is certainly outside of the control of the defendants, how long it takes Exxon to process the papers that are required and establish —

THE COURT: You do not have to argue any further. I will decline Mr. Bryan's request in that connection.

Does anybody have anything else that he wants to be put on the record?

MR. BRYAN: We have none, your Honor.

REPORTER'S CERTIFICATE

I, Gina Bench, official court reporter for the United States District Court for the Southern District of Texas, appointed pursuant to the provisions of Title 28, United States Code, Section 753, do hereby certify that the foregoing is a true and correct transcript of the proceedings had in the within-entitled and numbered cause on the date hereinabove set forth. I do further certify that the foregoing transcript has been prepared by me or under my direction.

s/s GINA BENCH
Gina Bench
1917 Bank of the Southwest
Official Court Reporter
Houston, Texas 77002